



Capella University

Default Management Plan

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Why a DMP?

- Successful Default prevention occurs when plans are implemented and executed.
- Plans pull together people and resources for a common goal
- Essential Ingredients:
 - Executive involvement
 - Institutional buy in at all levels



Elements of a DMP

- Establish a Default Management Team.
 1. Identify offices involved in the delivery of SFA Funds.
 2. Consider expanding the team to include “non traditional” members.
 3. Establish defined duties of each team member.
 4. Select a leader.



Elements of a DMP

- Establish goals for the year and measure progress.
 - Reasonable Cohort Default rate.
 - Reasonable Academic Progress rate.
 - Reasonable drop out rate.
 - Reasonable RCA participation rate.
- Establish Process to ensure accuracy of default rate data.
- Respond to all RCA letters
- Timely NSDLS reporting



Elements of a DMP

- Establish contacts with Guarantors used at the institution.
- Establish and maintain good contacts with the Dept. of Education.
- Establish a “best Practices.” program.
- Test the messages that you use.
 - No Acronyms
 - Streamlined contact process
 - Streamlined communication between US and FA.



Elements of a DMP

- Perform an annual review of Entrance and Exit Counseling process.
 - Are we using the industry leader?
 - Is there new technology?
 - Does it make sense to off load this activity?
- Work on techniques to increase retention.

Capella University's DMP

- Three primary Components
 1. Monitor
 2. Inform
 3. Educate





Monitor

■ Two primary areas to monitor

1. Monitor Cohort Default Rate

- Contact Primary Guarantors to monitor both loans entering repayment and loans that defaulted
- Monitor Exit Counseling activity for Capella.

2. Monitor research which is available for our Learner population.

- Identify why a learner drops.
- Identify what are the difficulties with online learners and retention
- Develop strategies to prepare learners for success.



Inform

■ Respond to Requests for Claims Assistance.

1. Developed a letter to send to learners whenever a RCA is received.
2. Enter RCA data into comments in PowerFAIDS
3. Verify data through UMS and CRM to ensure accuracy.

■ Establish Letter campaign for learners who withdraw and have received Financial Aid.

1. Send FA withdrawal letter after completing the R2T4.
2. Send Second FA withdrawal letter five months from first withdrawal letter.
3. Enhance FAQ section of iGuide to include Debt Management tools.



Educate

- Create Educational opportunities for learners centered around the topic of Debt Management.
 1. Design material for presenting at the Residency Colloquia.
 2. Design an online version which would be available through iGuide.
 3. Enhance the Exit Interview site to include customized debt calculators.
 4. Participate in Meteor.

Current DMP activities

- We are currently receiving RCA letters and are tracking the activity in PowerFAIDS
- We have developed the letters to mail to learners upon withdrawal.
- We are receiving quarterly reports for our primary Guarantee Agencies on Defaults and repayment.
- Working to develop Debt Management materials for Residency Colloquia.





Currently Under Development

■ Risk chart

Reasons for Withdrawal	Strategies to prevent Withdrawal	Capella University Resources



Letter Campaign

First Withdrawal Letter.

(Today's Date)

Student's Name

Student's Address

Dear Student's First Name:

I am sorry that you left Capella University prior to completing your program of study. I hope that things have gone well for you since your departure. If you would like to return to Capella, please contact our Enrollment Services personnel, at (888) CAPELLA option 8.

This is a note to remind you that the first payment on your student loan is due in about three months. If you have not received repayment instructions, contact your lender immediately. You are still responsible for repaying your Federal Stafford Loan(s) even though you did not complete your studies.

You received a loan exit interview packet that provided you with a detailed explanation of repayment options and ways (deferments, forbearance, and loan consolidation) to solve payment problems. I hope you read it carefully. If any of these circumstances apply, **now** is the time to contact your lender and explain your situation.

Remember, making your payments on time will save you money and will help you build a good credit record.

Please contact me at (888) CAPELLA option 7. I would like to be able to update your status and answer any questions you might have.

Sincerely,

Tara Sherman

Loan Coordinator



Letter Campaign

5 months since withdrawal letter.

Date

Graduate Name

Address

City, State, ZIP

Dear Student,

Because your first student-loan payment is due in a matter of days, your lender should have informed you by now of the exact due date for your first payment.

Although it has been six months since you left Capella University, it is not too late to return to school and complete your education. Enrollment Services would be happy to discuss your re-entry options.

Remember, you must repay your federal student loans. If you are not employed or if you foresee any difficulty paying your federal student loans, please call me immediately. Under certain circumstances, you may qualify for a deferment or a forbearance of the payment of your federal student loans. When you call, we can review your situation and determine what options are available to you.

Take control of your future. Call me today at (888) CAPELLA option 7.

Sincerely,

Tara Sherman
Associate Director



Letter Campaign

90 Days since withdrawal Letter.

Date

Graduate Name

Address

City, State, ZIP

Dear Student:

Approximately three months have passed since you left Capella University. You will soon be receiving information from your lender about repaying your federal student loans. Please watch for this information and don't discard it, because it will contain important information about when your first payment is due.

If you have been unable to find employment, please consider returning to Capella University to finish your education. Completing your education can help improve your opportunities for employment in a good career field.

Regardless of your decision, your federal student loans must be repaid.

If you have any questions about returning to Capella University or your federal loans, please call me at (888) CAPELLA option 7.

Sincerely,

Tara Sherman
Financial-Aid Administrator